



MPECU's Virtual Annual Meeting

2021 ANNUAL REPORT

BOARD/CU REPORT

With COVID-19 continuing throughout 2021, we found ourselves facing more challenges from the pandemic. As was the case in 2020, we were able to maintain in-person services and keep all of our staff and members safe within the work environment. Thank you to all who kept health and safety at the forefront during this time.

Our team also successfully completed:

- An update to our mortgage software system, which now offers an online application component
- A full vendor analysis of our core system which found efficiencies for staff
- The annual audit as well as state and IT examinations
- A Transition to using ECO friendly ocean bound plastic in our debit card plastics
- Several employees have taken on new challenges: Teresa has taken on Credit Card Fraud, Cory continuing his leadership development with MNCUN, Erin has a new role as a loan officer, and Sarah has a new role as a Business Banking Officer.

In addition, MPECU has now become CDFI certified through the Department of the Treasury. CDFI (or Community Development Financial Institution) enables us to work on generating economic growth and opportunities for our community. Such endeavors include financing small business, microenterprises, nonprofit organizations, and various commercial pursuits which we can now lend and receive additional support in helping our

members. Since 1994, the CDFI program and their partner organizations have awarded over \$2 billion dollars in CDFI assistance. We are joining the Northland Foundation, 1 Roof Community Housing, and the Northeast Entrepreneur Fund as members of this program serving in Northeastern Minnesota. We are honored and excited to be a part of the program!

Thank you members for contributing to the Locations and Services survey we sent out in late 2020. From your feedback, we were able to successfully move our maurices office to the new Miller Plaza location across from the Miller Hill Mall. The branch offers more drive up options and longer service hours to meet our members changing needs.

As ever, we appreciate the support and kindness from our membership. It is an honor to continue our tradition of service as we embark on our 90th year! Stay tuned for a BIG party next year – COVID permitting

Respectfully Submitted,

Debora Almirall, President/CEO
Mike French, Board Chair

SUPERVISORY REPORT

The Supervisory Committee is made up of volunteer members of MPECU who play a vital role to help ensure the financial safety and security of our institution. To accomplish this, committee members along with an independent auditor, Tahtinen and Associates, conduct monthly reviews of the credit union's operations. The Supervisory Committee completes specified monthly tasks and meets periodically during the year to review relevant information for its role.

In 2021 the committee retained the services of RSM US LLP, an independent auditing firm, to conduct our annual financial audit. Using prescribed auditing standards, the RSM auditors determined that the credit union's financial statements were presented fairly and conformed to established accounting principles.

Based on the results of the 2021 audits performed, we conclude that MPECU has adequate financial controls and is financially sound.

We on the Supervisory Committee appreciate the opportunity to be of service and thank you for your continued support of our credit union.

Respectfully Submitted,

Ali Carlson-Chair
Thomas Meyer
Steve Sharkey

CREDIT COMMITTEE REPORT

Members of the Credit Committee assume the responsibility of granting all types of loans to members subject to restrictions as set forth from time to time by the directors and by the bylaws and statutes that govern the operation of state-chartered credit unions.

In 2021, the Credit Committee approved approximately 701 requests for loans just around \$24.4 million.

MPECU is committed to serving our member/owners while maintaining and adhering to our lending policies.

Once again, we thank you for the opportunity to serve you, and look forward to another successful year of assisting member/owners. We encourage suggestions on how we can improve our loan products to "meet member/owner needs."

Respectfully submitted,

Micheline Bayiha, Chair
Tony Hansen
Nathan Schmidt

STATEMENT OF FINANCIAL CONDITION

Minnesota Power Employees Credit Union
Balance Sheet
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and Cash Equivalents	\$ 22,104,476	\$ 21,970,933
Securities and Investments	27,225,693	17,058,925
Loans, net	63,016,558	63,217,486
Accrued Interest Receivable	175,903	159,101
Furniture, Equipment and Leasehold Impr, net	143,506	560,408
National Credit Union Share Insurance Fund Deposit	950,660	852,057
Other Assets	<u>7,898,533</u>	<u>7,799,918</u>
Total Assets	<u>\$ 121,515,329</u>	<u>\$ 111,618,828</u>
Liabilities and Members' Equity		
Members' Share Accounts and Certificates	104,107,972	93,258,069
Dividends and Interest Payable	67,839	68,701
Federal Home Loan Bank Advances	-	777,781
Accrued Expenses and Other Liabilities	<u>238,734</u>	<u>187,016</u>
Total liabilities	104,414,545	94,291,567
Reserves	1,850,786	1,850,786
Undividend Earnings	15,430,258	15,084,997
Gain (Loss) Available for Sale Securities	(459,137)	46,217
Net Income	<u>278,877</u>	<u>345,261</u>
Total Members' Equity	17,100,784	17,327,261
Total Liabilities and members' Equity	<u>\$ 121,515,329</u>	<u>\$ 111,618,828</u>

STATEMENT OF INCOME

Minnesota Power Employees Credit Union
Income Statement
For Periods Ending

	<u>December 31, 2021 (Year-to-Date)</u>	<u>December 31, 2020 (Year-to-Date)</u>
Interest Income		
Loans Receivable	\$ 2,671,530	\$ 2,878,787
Investments & Interest Bearing Deposits	<u>380,033</u>	<u>343,945</u>
Total Interest Income	3,051,563	3,222,732
Interest and Dividend Expense	<u>222,561</u>	<u>292,451</u>
Net Interest Income	2,829,002	2,930,281
Provision for Loan Losses	<u>51,301</u>	<u>77,565</u>
Net Interest Income After Provison	2,777,701	2,852,716
Non-Interest Income		
Service Charges and Fees	155,696	153,250
Other	1,157,412	729,643
Gain/(Loss) on Assets / Investments	<u>-</u>	<u>40,600</u>
Total Non-Interest Income	1,313,108	923,493
Non-Interest Expense		
Compensation and Benefits	1,588,613	1,623,943
Occupancy	714,972	377,465
Office Operations	359,888	350,385
Education and Promotion	194,798	156,953
Loan Servicing	215,912	209,904
Professional and Outside	575,442	525,003
Other	<u>162,307</u>	<u>187,295</u>
Total Non-Interest Expense	3,811,932	3,430,948
Net Income	<u>\$ 278,877</u>	<u>\$ 345,261</u>

BOARD OF DIRECTORS

CANDIDATES:

Micheline Bayiha – 3 year term

- Cost & Pricing Analyst at Minnesota Power
- Employee of Minnesota Power since 2006
- Instrumental in starting two credit unions in Cameroon, Africa
- Member of MPECU for 7 years

CREDIT COMMITTEE

CANDIDATES:

Darrin Zwak – 3 year term

- Cost and Pricing Analyst at Minnesota Power
- Employee of Minnesota Power since 2019
- Previous employer experience in Credit Analysis
- Member of MPECU for 1 year

CREDIT COMMITTEE:

Micheline Bayiha, Chair
Tony Hansen
Nathan Schmidt

SUPERVISORY COMMITTEE:

Ali Carlson, Chair
Tom Meyer
Steve Sharkey

BOARD MEMBERS:

Bob Bastianelli
Jeremy Caine
Wing Chan
Beth Fredrickson
Mike French
Marcia Podratz
Eric Skadsberg

MPECU RETIREMENT AND FINANCIAL SERVICES:

Ed Grondahl

MPECU STAFF:

Deb Almirall
Mary Agostino
Sarah Boynton
Carolyn Burke
Laura Cashin
Peter Cieluch
Chris Grancyznski
Teresa Harber
Jean Kuyk
Annie Lepper
Jane Naeyaert
Matthew Nemi
Laura Ostby
Cory Ouellette
Cheryl Pillsbury
Jennifer Saari
Erin Sengthao
Tess Thorstad
Teagan Warrick
Cindy Zoldak



MAIN OFFICE

30 W. Superior Street, Suite 126



ARROWHEAD BRANCH

3308 W. Arrowhead Road



MILLER PLAZA BRANCH

1405 Miller Trunk Highway, Suite 500

WWW.MPECU.COM